



STATE OF NEW JERSEY

Board of Public Utilities

Two Gateway Center

Newark, NJ 07102

www.bpu.state.nj.us

TELECOMMUNICATIONS

IN THE MATTER OF THE JOINT)
PETITION OF CORVIS CORPORATION,)
ON BEHALF OF ITSELF AND ITS)
SUBSIDIARIES, FOCAL)
COMMUNICATIONS CORPORATION OF)
NEW JERSEY AND BROADWING) -
COMMUNICATIONS, LLC, FOR)
APPROVAL OF THE TRANSFER OF)
ASSETS AND CUSTOMERS AND FOR)
OTHER RELIEF)

ORDER OF APPROVAL

DOCKET NO. TM04080767

(SERVICE LIST ATTACHED)

BY THE BOARD:

On August 10, 2004, Corvis Corporation, (Corvis), on behalf of itself and its subsidiaries, Broadwing Communications, LLC (Broadwing) and Focal Communications Corporation of New Jersey (Focal-NJ) (collectively, Petitioners), filed for Board approval for the proposed restructuring of certain regulated subsidiaries of Corvis. After the completion of the transaction whereby all of the assets of Focal-NJ will be transferred to Broadwing, all of Focal-NJ's current customers would receive the services currently provided by Focal-NJ but under the Broadwing trade name. Petitioners are also requesting a waiver, to the extent necessary, of the Board's slamming rules with respect to the customers that would be transferred from Focal-NJ to Broadwing.

BACKGROUND

Corvis is a publicly traded Delaware corporation, with its principal offices located in Columbia, Maryland. Corvis' communications service division, managed within its Broadwing subsidiary, is a provider of data, voice and video to carriers and large business customers. Broadwing, a Delaware limited liability company, is a wholly owned subsidiary of C III Communications, LLC which is in turn a subsidiary of Corvis. Corvis acquired Broadwing on June 13, 2003, through the purchase of the assets of Broadwing Communications Services, Inc., and its wholly owned subsidiary, Broadwing Telecommunications, Inc. That transaction was approved by the Board on June 18, 2003. See Order, I/M/O the Joint Petition of CIII Communications, LLC, CIII Communications Operations, LLC, Broadwing Communications Services Inc. and Broadwing Telecommunications Inc. for Approval to Transfer Assets and Customers, in Docket No. TM03030221, dated June 20, 2004. Broadwing provides switched and dedicated long

distance services, international services, Internet access services, and private networking services such as frame relay and ATM. Broadwing (formerly known as IXC Corporation) was granted authority to provide long distance services in New Jersey. See Order, I/M/O the Application of IXC Communications Services, Inc., for Approval to Provide Facilities Based Long Distance Services, in Docket No. TE99030202. In New Jersey, Broadwing currently provides services to 397 customers.

Focal Communications Corporation (Focal) is a privately held, Delaware corporation with its principal place of business in Chicago, Illinois. Focal is now a wholly owned subsidiary of Corvis as the result of a previous transfer of control that was approved by the Board. See Order, In the Matter of the Joint Petition of Corvis Corporation, LLC and Focal Communications Corporation of New Jersey for Approval to Transfer Ultimate Control and for Other Relief, in Docket No. TM04030174, dated May 12, 2004. According to the petition, Focal is the holding company for a family of facilities based communications providers serving business, carriers, and resellers. Through its subsidiaries, Focal is authorized to provide local and long distance services in approximately twenty (20) states and is also authorized by the Federal Communications Commission to provide domestic and international services nationwide as a non-dominant carrier. Focal-NJ is a Delaware Corporation and a wholly owned subsidiary of Focal Financial Service, Inc., which is, in turn, a wholly owned subsidiary of Focal. Focal was authorized to provide local exchange, exchange access and interexchange telecommunications services in New Jersey by Order of the Board on June 10, 1998. See Order, I/M/O The Petition of Focal Communications Corporation of New Jersey for Approval of an Initial Tariff and the Authority to Provide Local Exchange, Exchange Access and Interexchange Telecommunications Services Throughout New Jersey, Docket No. TT97060400. Focal-NJ currently provides telecommunications services to 313 customers in New Jersey.

The Petitioners state that the proposed restructuring is intended to simplify Corvis' corporate structure and result in significant administrative and operational efficiencies. Petitioners propose to transfer all of the assets and customer base of Focal-NJ to Broadwing and given that Broadwing is not currently authorized to provide facilities-based local exchange telecommunications services in New Jersey, petitioners request the transfer of Focal-NJ's existing authority to Broadwing. As noted previously, Broadwing was granted authority by the Board to provide long distance services in New Jersey. Petitioners are also requesting a waiver, to the extent necessary, of the Board's slamming rules with respect to the customers that would be transferred from Focal-NJ to Broadwing. Petitioners state that notice will be sent to all affected customers at least 30 days prior to the transfer informing them of the transaction and indicating that there will be no change in rates, terms and conditions of service and that they have the right to change carriers if they chose to do so. The Petition also indicates that following the transaction the employees supporting Focal-NJ would support Broadwing.

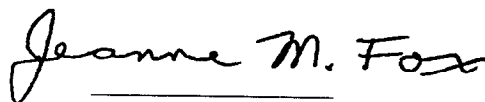
FINDINGS AND CONCLUSIONS

After a thorough review of the petition and all related documents, the Board finds that, with regard to the provision of service, there will be no negative impact on service to New Jersey customers. Broadwing will continue to offer the same services to Focal-NJ customers at the same rates terms and conditions.

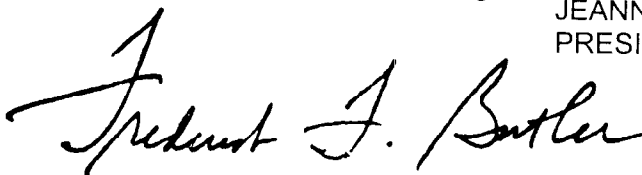
In addition, the Board FINDS that the proposed Transactions will have no negative impact on competition, on the rates of current customers, or on employees. The Board also FINDS that the proposed transactions will have no negative impact on the provision of safe, adequate and proper service. Therefore, the Board FINDS that the action proposed to be taken by Petitioners is in accordance with law and in the public interest. The Board also FINDS that in accordance with N.J.S.A. 48:2-59 and 48:2-60 and N.J.S.A. 52:27E-61 and 52:27E-62, Broadwing is subject to an annual assessment by both the Board and Division of Ratepayer Advocate, respectively, and that Broadwing is also responsible for the acquired utilities' outstanding assessment liabilities. As for the request for the waiver regarding the Board's slamming rules, the Board FINDS that the waiver is necessary in this instance to facilitate the transfer of the Focal-NJ customers provided that customers are given proper notice of the transfer and the option of seeking alternative carriers. The Board HEREBY APPROVES the request by Petitioners for the transactions and for the transfer of authority. The Board HEREBY ORDERS that the Petitioners shall promptly notify the Board of the closing of the proposed Transactions.

DATED: 11/10/04

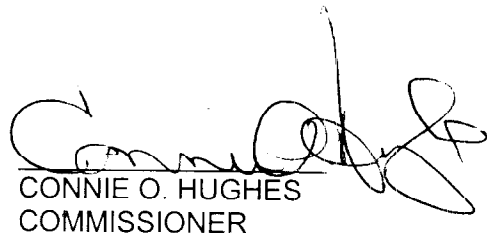
BOARD OF PUBLIC UTILITIES
BY:



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FREDERICK F. BUTLER
COMMISSIONER

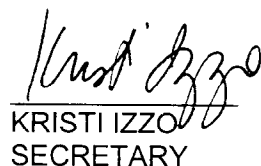


CONNIE O. HUGHES
COMMISSIONER



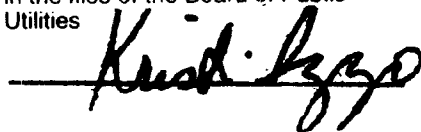
JACK ALTER
COMMISSIONER

ATTEST:



KRISTI IZZO
SECRETARY

THE REBY CERTIFY that the within
document is a true copy of the original
in the files of the Board of Public
Utilities



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Docket No. TM04080767

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